

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF PROGRESSIVE,) APPEAL NOS. 07-A-2058,
LLC. from the decisions of the Board of Equalization of) 07-A-2059, 07-A-2060 &
Shoshone County for tax year 2007.) 07-A-2061
) FINAL DECISION
) AND ORDER

COMMERCIAL PROPERTY APPEALS

THESE MATTERS came on for consolidated hearing September 26, 2007, in Wallace, Idaho, before Hearing Officer Steven Wallace. Board Members Lyle R. Cobbs, Linda S. Pike and David E. Kinghorn participated in this decision. Managing Member Kenneth L. Smith (President Dave Smith Motors) and Ray J. Flaherty (CFO) appeared for Appellant. Assessor Jerry White and Deputy Assessor Greg Saylor appeared for Respondent Shoshone County. These appeals are taken from decisions of the Shoshone County Board of Equalization denying the protests of the valuation for taxing purposes of property described as Parcel Nos. RPD135000E004BA, RPD1250001006AA, RPD1500020110A and RPD1250003007AA.

The issue on appeal is the market values of four (4) distinct commercial properties.

The individual value decisions of the Shoshone County Board of Equalization are reversed in part and affirmed in part.

FINDINGS OF FACT

The parties' value positions for Appeal No. 07-A-2058 are listed below along with the associated parcel no. This subject property is commonly known as 4 West Cameron.

RPD135000E004BA	Land	Improvement	Total
Assessor	\$46,384	\$241,710	\$288,094
Taxpayer	\$24,492	\$95,508	\$120,000

Subject is .17 acres improved with a structure last used as a veterinary clinic.

Appellant is associated with a large car dealership in close proximity to this subject.

Taxpayer's value case is based on its January 3, 2007 purchase of the subject property for \$120,000. The seller constructed and moved to new facilities. The assessor notes subject sold previously in 1992 for \$160,000. Subject was extensively remodeled after the 2007 sale.

Subject was last reappraised for the 2005 tax year. Subsequent trending of this base value occurred in 2006 and again for the current 2007 tax year toward maintaining assessed values at market value. On appeal, the assessor presented information on five (5) commercial, 2006 improved property sales. These property sales were not compared or adjusted in a traditional sales comparison approach. Some sales analysis was offered. The County also presented an income approach to value on this subject as well as the other subjects discussed in this opinion. The referenced trending for 2007 was determined from a sales ratio study pertaining to the same five improved commercial property sales.

The parties' value positions for Appeal No. 07-A-2059 are listed below along with the associated parcel no. This subject property is commonly known as 206 East Cameron.

RPD1250001006AA	Land	Improvement	Total
Assessor	\$97,965	\$67,280	\$165,245
Taxpayer	\$62,149	\$87,263	\$149,412

Subject is a 19,136 square foot lot, recently paved and used as a parking lot for Dave Smith Motors. It was last purchased in June 2005 for \$146,705. Subsequent improvements cost \$109,078.

Appellant's value case is calculated from a land value rate (\$3.25/sq.ft.) derived from a January 2005, 9.03 acre sale, plus improvement costs less estimated depreciation of 20%. A number of important terms and conditions surrounding the 2005 land sale were not available. Appellant made no adjustments to the indicated price rate for known differences with this subject and the other subject properties below. Total sale price was not disclosed and no time-

adjustment made. The 2005 land sale was reportedly later developed as a condominium project and other commercial property types dissimilar to the subject properties considered in this opinion. Appellant contends the price paid was high, and that the land is superior to the subject property, and that size in the local marketplace makes little or no difference on a price per unit basis.

Subject (206 East Cameron) was last reappraised for 2005. Subsequent trending was performed toward maintaining assessed values at current market value.

The parties' value positions for Appeal No. 07-A-2060 are listed below along with the associated parcel no. The subject property is commonly known as 15 Station.

RPD15000020110A	Land	Improvement	Total
Assessor	\$65,153	\$87,098	\$152,251
Taxpayer	\$35,109	\$48,107	\$83,216

Subject is improved with a 4,540 square foot, 1938 masonry building. The lot is 10,791 square feet in size. The property was last purchased in January 2003 for \$82,000.

Appellant's value case is calculated from subject's January 2003 purchase price, less land value (\$35,109) based on a land value rate (\$3.25/sq.ft.) derived from a January 2005, 9.03 acre sale, plus improvement costs since the 2003 purchase, less a 20% depreciation allowance calculated against total improvements.

Subject was last reappraised for 2005. Subsequent trending was performed toward maintaining assessed values at current market value.

The parties' value positions for Appeal No. 07-A-2061 are listed below along with the associated parcel no. This final subject property is commonly known as 4 East Cameron.

RPD1250003007AA	Land	Improvement	Total
Assessor	\$40,189	\$133,088	\$173,277
Taxpayer	\$19,678	\$129,163	\$148,841

Subject's improvement dates to 1940 and was originally a service station. The masonry structure has 1,104 square feet. The record reveals subject was last purchased in January 2003 for \$73,450 and was remodeled in 2004. The lot has 6,514 square feet.

Appellant's value case is calculated from subject's 2003 purchase price, less land value (\$19,678) based on a land value rate (\$3.25/sq.ft.) derived from a January 2005, 9.03 acre land sale, plus the cost of leasehold improvements (\$107,681), less a 20% depreciation allowance calculated against total improvements.

Subject was last reappraised for 2005. Subsequent trending was performed toward maintaining assessed values at current market value.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

State Code requires the subject properties be appraised and assessed at their market value as of January 1, 2007. Idaho Code Sections 63-205(1); 63-201(10), *et seq.*

The assessed values were arrived at through a process of periodic reappraisal with trend factors applied in the years between reappraisal. The trending here was substantial and occurred over a two-year time frame. The assessor described the basis for the trend factors as "not" comparable to the subject properties and their individual property types and uses. The sales relied on for determining trends for all Kellogg commercial property were not highly similar to the four subject properties under review. The Kellogg sales information is found to clearly indicate material increases in commercial property values over the last two years.

A small amount of additional market information and some appraisal analysis including income approaches was also offered by the County. Albeit not directly or precisely, the assessments were based on a consideration of recent local sales data and recognized (directed) assessment practices.

With one notable exception, Appeal No. 07-A-2058 (4 West Cameron), Appellant's value cases relied in significant part on a single, dated "10-acre" land sale whose full price and sale terms were not fully disclosed or known. To varying degrees, improvement values were tied to this land sale information and booked cost expenditures depreciated by 20%. The 20% depreciation was not market abstracted or particularly precise or tailored to each improvement. In no instance was Appellant's valuation model results measured against actual recent sales information. The Board found taxpayer's model had some relation to appraisal techniques, but in important and critical aspects, it did not duly consider the recent and local available sales information. The related value claims relied heavily on the *dated*, 9.03 acre land sale where important information was unknown.

On appeal, the Board would anticipate an assessor to prepare a new or updated appraisal of a subject property, one that reflects the current status and value of the subject property. There were recent local sales available that could have been incorporated into a traditional sales comparison approach, or into current value indications from the cost and income approaches to value. However the Board notes the older appraisals did have the benefit of being updated (trended) with reference to recent, time-adjusted sales information. In contrast to Appellant's estimates of value, the Board considered the assessor-generated values to be more persuasive and procedurally sound in relation to current market value with the one noted exception.

On Appeal No. 07-A-2058, Appellant rested its value claim entirely on a timely sale of the

subject property. The sale was between unrelated parties for a cash price of \$120,000. The sale did not finally “close” until January 3, 2007. But the terms of sale were contractually set and a deal reached as of the January 1, 2007 assessment date. Under the circumstances, the Board found the sale price to be the best evidence of value in record and will order judgment in favor on Appellant on this property.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the value decisions of the Shoshone County Board of Equalization concerning the subject parcels be, and the same hereby are, AFFIRMED in part on Parcel Nos. RPD1250001006AA, RPD1500020110A and RPD1250003007AA; and REVERSED on Parcel No. RPD135000E004BA (Appeal No. 07-A-2058) lowering this assessed value to \$120,000. The indicated reduction shall be understood to apply to the improvement category.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED January 14, 2008